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Role of Railroads in Oregon's Development Surveyed*

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Transportation is and always has been the greatest single factor in our human civilization; this has been particularly true in the development of our country and of the Northwest. We in the railroad business very definitely feel, and I think this same view is shared by many not in the railroad business, that the railroads have been since their inception, still are, and will continue for the foreseeable future to be the greatest single means of mass transportation.

Before the advent of the railroads, waterways and animal-drawn vehicles were the only means of volume transportation, with transportation overland presenting very difficult and in many instances almost insurmountable obstacles. Industrial development was, therefore, largely centered in and around locations where water transportation was available. This situation changed, and changed rapidly, with the coming of the railroads.

Railroads were proposed in Oregon as early as 1846; but the first public rail service in the state was inaugurated by one of Southern Pacific's predecessors, the Oregon Central, which completed a line south from East Portland to Albany, a distance of 79 miles, in 1870. The population of Oregon in 1870 was about 91,000. By 1880, additional southward railroad construction, under the name of the Oregon and California, had been completed to Roseburg, and other lines had been built from Portland to Corvallis via Hillsboro, from Albany to Lebanon, etc. In 1880 the total railroad mileage in Oregon was 335, or four times that of 1870. During the same ten-year period the population had almost doubled, to 175,000. Our present company, the Southern Pacific, acquired the Oregon and California in the late 1880s. The connection over the Siskiyou Mountains between Ashland, reached from the north in 1884, and Hornbrook, reached from the south, was completed and placed in service to provide a thorough rail line between Portland and San Francisco in December 1887.

Additional branches, such as the Tillamook, the Coos Bay, the East and West Side lines, and others, were built to provide a net work of rail lines in the Willamette Valley.

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* A talk given at the University of Oregon on Feb. 31, 1953. Mr. Corbett's visit to the University was sponsored by Delta Nu Alpha, transportation fraternity.

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Economist Assesses Prospects Of Business Recession

By JAMES H. GILBERT
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The lot of the economic forecaster is a difficult one. Even if he were able to evaluate internal influences correctly, there would still be the ever-present but continually changing enigma of international relations. But the far-reaching importance of the business cycle, economically and politically, makes it worth while to try.

It is a significant fact that every major depression in American history, with the single exception of that which followed 1907, has resulted in a change in political majorities. The people swiftly reached the conclusion that the party in power had been responsible and just as promptly, at the first opportunity, invoked the penalty of political ostracism. Yet the alternation between prosperity and depression, between boom and bust, is no respecter of political parties. The deep underlying causes are economic and not political and seldom have more than a distant or indirect relationship to governmental policy.

In the election of 1952 the prosperity argument played the usual part. The Democrats laid claim to the prevailing prosperity and ascribed it to policies of the Roosevelt-Truman regime. They warned that a change in administration might bring on the hated depression with idle factories and widespread unemployment. The Republicans retorted that the prosperity was wartime prosperity and due to the artificial stimulus of a vast rearmament program. With that inconsistency so frequently exhibited on both sides, Republican leaders fostered the idea that General Eisenhower would, through some magic of diplomacy or miracle of military strategy, bring an end to the war and so end wartime prosperity.

In the view of an economic analyst, the prosperity was not due to the war but to false and faulty methods of financing the program of national defense. Just where the fault lies does not concern us here; but ends were not made to meet. When the income of the government fails to cover the outgo, some form of borrowing is inevitable. If it were possible to cover the deficit by the sale of saving bonds to the people, to be paid for out of accumulation or by payroll deductions, the process would be deflationary or at least not inflationary in effect. Purchasing power, which might have been exercised in the markets, would be transferred to the treasury. Credit would be transferred but not created.

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Economist Assesses Prospects Of Business Recession

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Even with the most favorable response of the public, however, it has been necessary to supplement popular subscriptions by sale of bonds and certificates to commercial banks.

Now, the sale of government obligations to commercial banks creates a deposit which is drawn upon to discharge public debts. Recipients in turn redeposit in the same or some other bank. The credit created by the original loan continues to circulate; it changes ownership but is seldom extinguished. Every fresh sale of bonds means a fresh addition to the money supply. Through the operation of this process, the currency supply of the country rose from $64 billion in 1940 to $194 billion at the end of 1952, an increase of 223 per cent. Wholesale prices rose 91 per cent for the same period. Under the influence of high and rising prices, investments were made and expansions undertaken which only an indefinite continuance of artificial prosperity would justify.

The feeling of universal prosperity which inflation brings about leads to overexpansion in the demand for consumers' goods, particularly in the durable form. The buying spree is helped on by a loose and largely unregulated system of consumers' credit. Advertisements which tell the consumer "nothing down and thirty-six weeks to pay" and similar inducements cannot help but give the economist some measure of concern. Would that more dealers might imitate the example of a North Carolina concern which urged customers to "try our easy payment plan—one hundred per cent down and no worry about future payments." A recent estimate places the amount of consumers' credit outstanding at $22 billion, of which $15 billion is represented by installment buying.

Liberal credit terms are certainly good for present-day business. By this device a demand normally spread over a long period of time is concentrated in the present. But the inescapable effect is to stimulate facilities for production vastly in excess of what the permanent demand will justify.

While many business leaders are optimistic about the future, there is an easily discernible undercurrent of caution and concern. There is a feeling that prosperity on such a scale as we now enjoy has within itself the seeds of its own destruction. This feeling of distrust cannot be disregarded. The psychology of the business world may be a barometer of change either for better or worse, a premonitory chill.

The majority of business forecasts assume that within the next year or two a more or less severe reaction will take place. The prevailing opinion is that the year 1953 will be one of continued prosperity. Defense spending, a powerful factor in the demand for labor and materials, will continue at the same or even an increased volume. Even if the budget for military preparedness sustains a cut, it can scarcely affect the outlay for the current calendar year. Contracts have been signed and commitments made and unexpended balances will be carried over from fiscal 1953 to 1954. From present indications, plant expansions will continue until the winter of 1954; and the housing movement shows no present signs of abatement.

When we look into 1954 there is not the same assurance. Defense spending, barring some grave development in the international situation, will begin to taper off. Many industrial leaders foresee that by the end of 1953 expansion programs will be completed. The housing activity, which has for some time been outrunning the rate of family and household formations, is bound to reach a limit, except in rapidly growing communities. Prevailing though by no means unanimous opinion is that the recession will come in the spring of 1954. But it is interesting to observe that the U. S. Department of Commerce places the time of reaction and readjustment as late as 1955.

More important, perhaps, than the time of the recession is the question of depth and degree of industrial stagnation and the extent of unemployment that may ensue. Will the reaction present the aspect of an *arrested* panic or will it assume major proportions and resemble the disaster of the early 1930s? In the opinion of the writer, there are several factors which support the view that the approaching recession will not be as severe. Furthermore, agencies for arresting the progress of deterioration and restoring business to normalcy are available for use, and political wisdom will prompt the government to use these remedial devices to the fullest possible extent.

One favorable indication, and a point of violent contrast with the 1929 panic, lies in the fact that there is now no marked inflation of stock values. Before 1929 an overweening confidence in the business outlook, coupled with a loose and liberal system of bank credit for speculative purposes, drove the price of common stocks so high that the average yield fell below 3 per cent. It was inevitable that the price of stocks must come down, and, beginning in October 1929 and continuing until 1932, stocks declined 86 per cent in three years. Failure of confidence, contraction of credit, and industrial stagnation were the inescapable consequences.

Despite the marked rise in stock prices following the 1952 election and the expectation of a "more favorable climate" for business, common stocks have been yielding between 5 and 6 per cent on the quoted values. The sounder situation is undoubtedly related to wise restrictions placed on the use of credit in connection with stock-exchange transactions. The Federal Reserve Board of Governors, under grant of power given them in 1935, has held margins on brokers' loans to a high level. Until recently margin requirements were held to 75 per cent. Even now a 50 per cent margin is required. As a result, most of the speculation is carried on with the speculator's own funds. Brokers' loans have in recent months hovered around $1 billion

—about one-eighth of the 1929 figure. Many years ago Arthur Twining Hadley pointed out that the worst evils of stock speculation might be avoided if speculators were obliged to use their own funds and actually assume the risks which their ventures involve. They would be more cautious, more conservative, and, on the whole, more competent.

Since there is no evidence of overcapitalized values on the exchange, stocks are not likely to fall disastrously as they did in 1929 and, since bank credit is involved only to a limited extent, it is hard to see how any foreseeable decline in prices could jeopardize the solvency of banks or undermine the confidence of their depositors.

The banking system, as a whole, is in a sound condition and able to meet any foreseeable emergency. Two factors have contributed to this desirable end. The first of these is the regulation upward of the required reserves. Under the legislation of 1917 member banks of the Federal Reserve System were required to keep reserves of 7, 10, and 13 per cent of deposit liability—country banks, reserve city banks, and central reserve city banks, respectively. Under the amendment of 1935 the Board of Governors was authorized to raise those requirements if necessary by 100 per cent. In the postwar period, to prevent unhealthy expansion of credit, the reserves have been kept pretty close to the maximum permitted by the law of 1935. At present the requirement is 14, 20, and 24 per cent—for all except central reserve banks up to the maximum permitted by the 1935 amendment. Despite the high reserve requirement, however, member banks now show excess reserves of over $700,000,000 and are in a position to meet any probable emergency.

Another factor which fortifies the position of our banks is the nationwide system of insurance of bank deposits. The state system of guarantee of bank deposits, begun by Oklahoma in 1907 and extended to eleven other states, failed of its objective in every case. The Federal system of 1933-35, profiting by state experience, struck out along more acceptable lines. While the state systems were limited to a small number of commonwealths and admitted only state banks, the Federal system is nationwide in scope and includes all national banks and the stronger state banks. Being universal in scope, the risk becomes regular and calculable and contributions can be assessed to cover losses. In a word, the new system lends itself to the method of insurance. Furthermore, the Federal system began at an opportune time, when financial stress of the early 1930s had weeded out the weaker banks; those that continued to do business represented the survival of the fit in the field of finance. The state systems started with no reserves. They depended on current contributions to meet initial losses. Early failures of banks soon involved the guarantee funds in insolvency. In contrast, the Federal Insurance of Deposit Corp. started with a reserve of $289 million, which was augmented by contributions far in excess of the amount necessary to cover losses. The original advances made by Federal Reserve Banks and the Treasury have been repaid in full and the corporation now has assets of $1.25 billion This system of insuring bank deposits, fortified by eighteen years of successful experience, is in a position to command the confidence of the public, to prevent runs of depositors, contraction of credit, fall in prices, and industrial stagnation which has been the fatal sequence of events in every previous panic.

We are better equipped, also, to meet the problem of unemployment and to prevent its assuming dangerous proportions. A nationwide system of unemployment insurance provides moderate allowances during periods of enforced idleness. The out-of-work benefits are not large, in fact cannot be made ample, lest they supply an incentive to voluntary idleness and undermine the urge to seek and find a new job. But these sums, impounded from payroll taxes in prosperous times and active employment and released in slack seasons, prevent the complete loss of purchasing power on the part of the unemployed and the consequent failure of demand.

To deal with unemployment on the large scale we have also accepted programs of public works as a remedial device. Moreover, there seems to be a disposition to apply the remedy before the evil of unemployment begins to aggravate and extend itself. Failure of prompt action in the early 1930s was a fatal mistake. Little was done to cope with the situation until the army of the unemployed had grown to 14 million and one out of every seven persons in the United States was on the relief rolls. This mistake was due to the stubborn belief that the depression was only temporary and "prosperity was just around the corner." How different was the attitude in the period following 1945! In anticipation of a decline in the demand for labor by the closure of war industries and the increased supply due to demobilization, governments—national, state, and local—had prepared programs of public works. Projects were selected, priorities determined, blue prints made, and steps taken to finance these projects by accumulating tax levies or authorized bond issues. When unemployment began to attract attention in the spring of 1949, the program of public works was set in operation and before the end of the year the economy of the country had returned to normalcy.

So pressing is the need for public works of many sorts that the loss of a single day's labor by a willing worker represents an inexcusable waste. It is estimated that $50 billion would be required to bring our highway system up to a proper standard of usefulness. There are dams to be built for power production for flood control and and irrigation. There is conservation work to be done in our National Forests. Public buildings are needed at all levels of government. Parks, playgrounds, and recreation centers must be built and improved.

Some of these modes for the employment of labor might conceivably call for extension of government authority into fields of competition with private enterprise, and the cry of "creeping socialism" might be raised. Even if we concede that some danger lies in that direction, the alternative is even more perilous. The chief threat to our capitalist system of free enterprise may lie in the existence of a vast army of unemployed who, with insurance funds exhausted and facing want and misery, may in a spirit of frustration and desperation be willing to barter their birthright for the promised mess of pottage, and listen to the siren song of the communist.

If recession comes in a serious form, we must face the problem with courage and resolution and with no preconceived and obsolete notions regarding the functions and

responsibilities of a free government in the middle of the twentieth century. With governments as with the individual, survival is the first law of nature.

Role of Railroads in Oregon's Development Surveyed

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On September 1, 1926, the 270-mile Cascade Line between Black Butte and Natron, with lighter grade and less curvature and 25 miles shorter than the Siskiyou Line, was opened to traffic. This line, together with the new Modoc Line from Klamath Falls eastward to Fernley, Nevada, not only opened up a large new territory in Oregon, but greatly improved Oregon's rail connections with California and the East.

In the meantime, the O.R. & N., predecessor of the Union Pacific, had commenced construction eastward from Portland in 1880 to connect with the Oregon Short Line at Huntington and provide a through rail service between Portland and Chicago, and had constructed a number of branch lines. The S.P. & S. and its subsidiaries, as well as several short lines, and still later the Great Northern, constructed rail lines in Oregon, so that by 1952 the total mileage had grown to 3,217. The population of the state was then more than 1.5 million.

While records having to do with railroad business handled many years ago are not readily available, we do know that cars loaded on our Portland Division, which we think is an excellent barometer of general business activity, more than doubled in the nineteen-year period between 1934 and 1952—about 135,000 in 1934 and 324,000 in 1952—all of which confirms the observation that the Southern Pacific and Oregon have grown and prospered together, each one dependent to a very large extent on the other. While lumber and forest products have always been the backbone of the economy of your state, each year shows a greater diversification in agriculture, manufacturing, and other lines, which will do much to continue and increase the stable growth and development of Oregon.

While railroad-line mileage increased at a much greater rate percentagewise for a number of years after they first began to build in earnest in 1870 than did population or business activity, this trend has been reversed in more recent years, and it is quite probably that this will continue. An appropriate question might therefore be, what steps the railroads are taking to handle the increasing traffic that is bound to result from the continuing influx of population and industry into our western states.

The answer is, improved and increased facilities on the present line, more and better equipment, and still greater efficiency of operation. As has been rather widely publicized, our railroad since the end of the war has acquired or authorized the acquisition of new locomotives and cars costing more than $400 million and has spent additional large sums of money in the improvement of its physical properties. In fact, we are in an era that our president, Mr. D. J. Russell, refers to as "push-button railroading," designed to increase the capacity of our present railroad system and to provide ever better railroad service to our patrons.

Perhaps some of the innovations that come under the category of push-button railroading might be of interest. Among the outstanding developments have been advancements in electronics and improvement of communications. For example, where formerly a pair of wires could be used for only one message at a time, now a kind of wired radio called the carrier system speeds many messages and instructions along a single pair of wires at once—voice, telegraph, and teletype. More than 44,000 miles of carrier circuits have been placed in operation on our lines since January 1, 1951. These carrier circuits make possible a new freight-car reporting system, using electric punched-card reporting machines and teletypes, and enable us to give quick answers to shippers who wish to know the whereabouts of their freight shipments, no matter where the cars may be at the time. They also make possible a more expeditious handling of many of the communication details necessary for the efficient operation of a railroad.

Microfilming of waybills also saves time. Microfilm records can be made in a matter of seconds, before the freight conductor takes the waybills with him on his train. Then, after the cars are moving, the pertinent information from the film is sent ahead by teletype to the next terminal.

We are rapidly expanding the use of radio communication, not only between the head and rear ends of moving trains, but between trains and wayside stations; we have recently installed a complete radio system over the Sierra Nevada, where winter storms have in the past interrupted communication lines and thus seriously interfered with the free movement of traffic, and a similar installation is now being made on the Cascade Line in Oregon.

In many of our railroad yards, car checkers carry walkie talkies. Instead of writing down their reports and later carrying them back to the office, the car checkers now talk direct to the office, where the information is written down or recorded as the checkers walk from car to car.

The science of electronics has also modernized the dispatching of main-line trains, giving the dispatcher remote control over track switches and wayside signals. With this system, known as centralized traffic control, the dispatcher can direct trains by signal indication instead of written orders and thus greatly expedite the movement of trains and increase the capacity of the line for handling business. Construction of this centralized traffic control system north from Klamath Falls to Crescent Lake is now underway; it is now intending to continue it from Crescent Lake to Eugene.

Like centralized traffic control, the electropneumatic system of car control in railroad retarder yards is push-button operated. In these retarder yards, long strings of cars are pushed over a raised or hump track by a switch engine, and beyond the crest they pick up speed and roll by gravity, singly or in groups, to various classification tracks spreading out below. The speed of these rolling cars is regulated by retarders and the track switches ahead of the cars are remote-controlled from towers. Thus, whole trains can be reassembled almost without being touched by human hands. Such yards have already been constructed on our line at Los Angeles and Roseville. A new system of car inspection is used in retarder yards. Inspectors sit in towers and in pits above and below the track along which the cars are being pushed toward the crest of the

hump. Inspectors use powerful lights and specially aimed mirrors, thus having a much better view of every exterior part of the cars than under the old system of walking alongside cars to inspect them. A substantial amount of time is saved by the new system.

These are but a few of the improvements and innovations that are continually being introduced, and others even more revolutionary are in the making.

A discussion of this sort would not be complete without reference to the diesel locomotive, one of the most striking single developments in the railroad industry in recent years. The diesel has not only brought about higher sustained speeds, thus providing a more expeditious and reliable service, but has produced operating economies that have contributed to keeping many railroads off the shoals of postwar bankruptcy.

While this type of locomotive is commonly referred to as a diesel, it is actually a diesel-electric locomotive, with the diesel engine being the prime mover for the electric generators that supply the current for the traction motors. Gas-turbine prime movers to replace diesel are being developed; and there are many who think that, perhaps even before these have been perfected to the point where they might generally replace the present diesel prime mover, they, in turn, will have been replaced by a prime mover utilizing atomic power.

Our yearly acquisition of additional new diesel locomotives to replace our fleet of steam locomotives is progressing satisfactorily and in accordance with a planned schedule. Only diesels have been acquired since the end of the war, and the days of the steam locomotive on our railroad and on the railroads of the nation are numbered.

While I may appear to emphasize the Southern Pacific in telling what our railroad has accomplished and is planning, it should be born in mind that the same sort of improvements are being made on all of the railroads serving Oregon and, in fact, on all of the railroads serving the West and our entire country. Improvements confined to the Southern Pacific or to any one particular line in Oregon or the Northwest would not provide the type of railroad service necessary to assist in the continuing development of this great territory; on the other hand, improvements

PORTLAND FOOD PRICES—APRIL 1953

The University of Oregon Bureau of Business Research, using data supplied by United States Bureau of Labor Statistics, reports that, of 74 foods priced in Portland in mid-April 1953, 33 were higher than in mid-March, 27 were lower, and 14 were unchanged. Beef prices were down, but other meat prices had risen. Some fresh vegetables were lower than they were a month ago.

Commodity and Unit	Average Apr. 15 1953 (In Cents)	Change from Last Month (In Cents)	Apr. Range of Prices High (In Cents)	Apr. Range of Prices Low (In Cents)
CEREALS & BAKERY PRODUCTS:				
Cereals:				
Flour, wheat (5 lbs.)	53.9	.2	61	51
Corn flakes (12 oz.)	21.5	— .2	23	21
Corn meal (lb.)	12.7	.1	17	11
Rice (lb.)	21.8	1.5	29	20
Rolled oats (20 oz.)	19.5	.....	22	19
Biscuit mix (20 oz.)	27.8	— .1	29	27
Bakery products:				
Bread, white per loaf (lb.)	16.3	.....	17	15
Vanilla cookies (7 oz.)	22.6	—1.6	26	22
Soda crackers (lb.)	25.9	— .1	26	25
MEATS, POULTRY & FISH:				
Meats:				
Beef:				
Round steak (lb.)	85.9	—1.1	98	79
Rib roast (lb.)	76.8	—1.8	79	69
Chuck roast (lb.)	58.2	—6.6	59	49
Frankfurters (lb.)	56.2	— .1	59	49
Hamburger (lb.)	48.7	—1.5	73	39
Veal:				
Cutlets (lb.)	118.3	1.7	132	95
Pork:				
Chops (lb.)	81.8	1.6	89	69
Bacon, sliced (lb.)	72.8	.2	89	63
Ham, whole (lb.)	67.9	.4	75	59
Lunch meat, canned (12 oz.)	49.8	1.3	55	45
Lamb:				
Leg (lb.)	81.4	.9	89	69
Poultry:				
Fryers, N.Y. dr. (lb.)	52.2	1.2	64	39
Fish:				
Salmon, canned (lb.)	52.6	.5	59	45
Salmon, fresh (lb.)	75.6	3.1	98	59
Halibut, fresh (lb.)	66.6	4.3	79	59
Tuna, canned (7 oz.)	39.8	— .1	43	39
DAIRY PRODUCTS:				
Butter (lb.)	77.4	— .4	83	75
Cheese, Amer. proc. (lb.)	59.7	.1	67	55
Milk:				
Fresh, delivered (qt.)	22.0	.....	22	22
Fresh, grocery (qt.)	22.0	.....	22	22
Evaporated (14½ oz. can)	11.5	— .3	16	11
Ice cream (pt.)	28.2	.....	33	25
EGGS, Fresh (doz.)	69.0	3.3	69	68
FRUITS & VEGETABLES:				
Frozen:				
Strawberries, sl. (12 oz.)	35.1	— .4	46	29
Orange juice, conc. (6 oz.)	18.8	.8	24	17
Peas (12 oz.)	24.6	— .3	28	20
Green beans (10 oz.)	23.5	.....	28	21

Commodity and Unit	Average Apr. 15 1953 (In Cents)	Change from Last Month (In Cents)	Apr. Range of Prices High (In Cents)	Apr. Range of Prices Low (In Cents)
FRUITS & VEGETABLES (cont.):				
Fresh:				
Apples (lb.)	14.6	.2	20	10
Bananas (lb.)	19.7	.....	23	19
Oranges (size 200, doz.)	48.6	—1.3	78	37
Beans, green (lb.)	•			
Cabbage (lb.)	8.5	.7	12	7
Carrots (bunch)	9.8	— .5	12	8
Lettuce (head)	12.9	—2.7	18	9
Onions, yellow (lb.)	10.0	—1.3	15	6
Potatoes, white (15 lb.)	108.0	—2.0	128	88
Sweet potatoes (lb.)	19.8	.6	25	12
Tomatoes (lb.)	29.8	—6.5	43	19
Grapefruit (each)	12.4	—1.1	18	8
Strawberries (pt.)	•			
Celery (lb.)	14.6	2.0	17	10
Canned:				
Peaches (no. 2½ can)	31.6	.2	39	28
Pineapple (no. 2½ can)	36.0	.1	40	34
Orange juice (46 oz.)	35.9	— .3	46	32
Fruit cocktail (no. 2½ can)	38.0	.1	42	35
Beans with pork (16 oz.)	14.2	.1	15	14
Corn, cream style (no. 303 can)	19.3	.....	22	17
Tomatoes (no. 2½ can)	23.6	.1	26	23
Peas (no. 303 can)	20.3	— .1	27	17
Vegetable soup (11 oz.)	14.2	.....	15	14
Baby foods (4½-4 ¾ oz.)	9.0	.....	10	9
Dried:				
Prunes (lb.)	27.6	.5	29	26
Navy beans (lb.)	18.3	.1	21	16
BEVERAGES:				
Coffee (lb.)	92.1	3.2	98	86
Tea (¼ lb. pkg.)	35.2	.....	36	35
Cola drink (6 bottles)	29.1	— .3	36	28
FATS & OILS:				
Lard (lb.)	20.5	1.1	25	14
Shortening, hydrog. (lb.)	31.3	.5	39	32
Salad dressing (pt.)	35.4	.3	39	33
Margarine, colored (lb.)	30.3	.1	34	29
Peanut butter (lb.)	52.2	.....	57	49
SUGAR & SWEETS:				
Sugar (5 lb.)	55.8	— .4	64	55
Corn syrup (24 oz.)	24.7	— .1	27	24
Grape jelly (12 oz. jar)	24.5	— .1	29	22
Chocolate bar (1 oz.)	4.4	.....	5	4
MISCELLANEOUS:				
Gherkins (7½ oz.)	•			
Catsup (14 oz.)	23.7	.1	30	17
Gelatin dessert (pkg.)	9.0	.....	10	9

• Insufficient number of quotations to obtain a reliable average price.

at distant points on the Southern Pacific, such as Ogden, Los Angeles, and Roseville, have a beneficial effect on the handling of Oregon traffic.

When I was invited here today, I was told that it was the intention to avoid any immediate problems in the local area. Nevertheless, I am of the opinion that it might seem somewhat strange, particularly to the businessmen or shippers who may be present, if I did not at least mention the subject of car supply, which is a matter of great importance to continued development of your state. It is equally important to us. However, it is not altogether a local problem. The problems posed as a result of World War II, with new car construction pretty much at a standstill, plus the great demands on and consequent deterioration of the existing freight-car fleet in handling the war traffic and the various obstacles that have been encountered in the car-building program since the end of the war, have resulted in some periods of national car shortage each year.

We on the Southern Pacific are proud of the fact that our acquisition of new freight-car equipment has been relatively greater than that of other railroads in the country. In addition, there has been an ambitious program of upgrading and rebuilding older equipment that normally would have been retired. These cars are, in effect, new cars. There has been no relaxation in this program or in our acquisition of new equipment.

While I would not be bold enough to say that there may not be periods of tight car supply this year, it is our earnest desire and hope that this will not occur and that if it does it will be greatly minimized. You may be assured that each and every one in our organization is conscious of the importance of this matter of adequate car supply, not only to ourselves but to the continued development and prosperity of your territory.

In continuing to play our part in the development of Oregon, we feel that we should emphasize the services that will contribute most to that development and at the same time enable us to operate at a profit. Without a satisfactory net income, the improvements that are essential to provide a service that will contribute to this development will not be possible. We are quite conscious of the competition of the private automobile, the buses, the airlines, and the trucks. We realize that each of these forms of transportation has its proper and economic place in the overall transportation scheme. Airplanes are faster than trains, and passengers who want speed will use the airplanes. Others will use buses because of lower fares and more frequent schedules. Owners of private automobiles will, for a variety of reasons, continue to drive to their destinations. And so we take a very realistic view of the passenger-train service. We sincerely feel that the logical measure of the need for passenger trains is whether they are sufficiently patronized to pay their out-of-pocket cost of operation. Our aim is to provide the finest streamlined trains on our principal routes, such as the Cascade and the Shasta Daylight between Portland and San Francisco, where experience shows there is a need and a demand for such service. On the other hand we think it is economically wrong to continue to operate passenger trains where experience shows there is not a need for their continuance. They constitute a heavy burden on our total operations, and their deficits are ultimately reflected in the rates that must be charged other traffic.

Highway trucks are in certain situations more flexible than trains. In fact, to supplement our rail service and to improve less-than-carload service, we operate a considerable fleet of trucking equipment over some 1,600 miles of Oregon highway routes, serving practically every station on our lines daily. In connection with our trucking operations, we are quite willing and anxious to pay our fair share of highway costs. We are not in favor of subsidies. Again, while recognizing that all of the various forms of transportation have their proper places in the economy and development of the state, we feel that their use should be confined to services in which they best fit and for which there is a natural economic demand, not generated by subsidized or artificially low rates. We feel that, in the economical mass movement of persons and goods, railroads are still supreme and still lead in comfort and safety.

We are proud of our western railroads, of our western railroad people, and of the very important part that western railroads have played and continue to play in the development of the Northwest. We are particularly proud of our own railroad, the Southern Pacific, but we are never satisfied. We know that we can do better and that we shall continue to grow and develop as a vital and necessary partner in the Northwest country, and particularly in the great state of Oregon.

Foreign countries continued to acquire gold and dollar balances from the United States during the fourth quarter of 1952, according to estimates of the balance of international payments released by the U. S. Department of Commerce.

Net transfers from the United States in the last quarter of 1952 were $395 million, bringing the total since March 1, 1952, when the outward movement began, to approximately $1.6 billion. The rise in foreign reserves is apparently continuing at a high level in the first quarter of 1953.

The principal reason for the change in the balance of payments as compared with the nine months ended March 31 last year (during which foreign countries lost gold and dollar balances to the United States in the amount of $1 billion) was the decline in United States exports which began around the middle of 1952.

The export decline in 1952 was attributable to several factors, including a reduction in foreign demand for cotton, coal, wheat, and a few other American export commodities. Cotton shipments were down primarily as a result of reduced activity in the textile industry in foreign countries. The decline in the demand for coal from the United States may, in part, be ascribed to the fact that the rate of increase of industrial production in Western Europe was slowed down, while coal production there continued to rise at about the previous rate. Wheat exports were reduced largely as a result of increased production in other countries, notably in Canada and Western Europe. Tightened exchange controls abroad, particularly in Brazil and the sterling area, also accounted for part of the decline in our exports.

While exports were declining, imports of goods and services were rising somewhat. Merchandise imports held relatively stable while expenditures abroad by the United States government—especially the military agencies—

Oregon Bank Deposits

The following tabulation of bank deposits in Oregon on June 30, 1952, has been prepared by Federal Reserve authorities. This compilation is complete, including all state and national banks. Deposits of branches are shown under the county in which the branch is located. The total deposits figure is larger than the sum of demand and time deposits because the latter exclude government and interbank deposits which are included in the total. The last similar compilation was for December 30, 1950. All figures are in thousands of dollars.

	June 30, 1952			Dec. 30, 1950
	Deposits of Individuals, Partnerships & Corporations		Total Deposits	Total Deposits
County	Demand	Time		
Baker	$ 9,946	$ 1,625	$ 13,181	$ 14,159
Benton	13,926	6,611	23,250	22,136
Clackamas	18,850	15,873	39,206	36,388
Clatsop	12,579	10,676	25,667	24,962
Columbia	6,718	6,095	14,286	14,561
Coos	24,085	11,329	41,388	37,864
Crook	5,325	1,117	7,287	7,347
Curry	3,084	648	4,625	3,120
Deschutes	11,800	5,067	18,876	19,515
Douglas	30,949	8,509	46,187	38,150
Gilliam	2,550	707	3,564	4,349
Grant	4,775	685	5,894	6,043
Harney	3,638	1,192	5,415	6,461
Hood River	4,802	2,993	8,889	10,419
Jackson	28,687	11,511	45,225	46,841
Jefferson	2,210	422	3,139	3,460
Josephine	13,235	5,619	21,116	19,030
Klamath	20,091	8,408	32,125	32,841
Lake	4,575	1,453	7,069	8,422
Lane	61,932	23,705	95,825	93,900
Lincoln	7,386	3,401	12,193	11,316
Linn	22,681	11,776	38,559	37,859
Malheur	9,817	2,913	14,876	16,358
Marion	42,562	27,731	86,518	86,189
Morrow	3,778	852	5,226	5,457
Multnomah	383,178	264,545	778,064	729,656
Polk	7,457	2,286	11,111	11,307
Sherman	1,373	355	1,902	2,156
Tillamook	7,978	5,807	16,849	15,708
Umatilla	23,935	7,970	34,940	36,296
Union	7,473	3,959	12,613	13,226
Wallowa	3,218	929	4,520	5,177
Wasco	11,812	5,939	21,141	18,683
Washington	19,580	13,478	36,882	33,023
Wheeler	1,606	420	2,205	2,347
Yamhill	16,306	7,968	26,554	27,356
Total, Oregon	$853,897	$484,604	$1,566,700	$1,502,412

rose. Tourist expenditures abroad also increased, but so did the expenditures of foreign travelers here, leaving the net balance on travel account virtually unchanged.

There was a reduction in the outflow of private capital during the last half of 1952, which may prove to be temporary. Large projects involving the use of American capital are still under way abroad, notably in Canada.

In the final quarter of 1952, foreign military aid by the United States government exceeded economic aid for the first time since 1945. Of the total gross foreign aid of $1.4 billion in the fourth quarter, approximately $1 billion consisted of military aid and less than half a billion dollars of economic assistance.

Total grants and credits of $5.6 billion in the year 1952 as a whole were 10 per cent above the preceding year. Military aid for the calendar year totaled $2.75 billion—about half of the total aid.

The increase in military aid, which in 1952 was almost double the 1951 figure, was partially offset by the continuing reduction in economic assistance. Gross economic and technical assistance totaled $2.8 billion for the calendar year as a whole, one-fifth less than in 1951.

Notes . . .

ON THE SCHOOL OF BUSINESS ADMINISTRATION

- **Beardsley Ruml,** Board chairman of R. H. Macy and Co. and one of America's leading business and economic figures, spent two days on the University of Oregon campus in March as a guest of the School of Business Administration. He was speaker at an all-University assembly and participated in the dedication of Commonwealth Hall.
- **A. L. Mills, Jr.,** a member of the Board of Governors of the Federal Reserve System, visited the School of Business Administration for a day in April. In the morning he spoke before several classes interested in the field of finance, at noon had lunch with members of the faculty of the School of Business and the Department of Economics, and in the afternoon met with a graduate seminar and other interested students.
- Since the first of the year, a number of men in the transportation field have met with student groups. **J. W. Corbett,** operating vice-president of the Southern Pacific, visited the school in February; he was accompanied by **L. P. Hopkins,** superintendent of the Portland Division, and **F. C. Nelson,** freight traffic manager of the Northern Division.
- Recently, a number of shipping men were dinner guests of Delta Nu Alpha, transportation fraternity, and the Propellor Club, foreign trade organization. After dinner the students and businessmen participated in a discussion of current problems facing the shipping industry. Men from Portland included: **Douglas Barnes,** district manager of the Coastwise Line; **Dwight Morris,** manager of the Portland Stevedoring Co.; **Harvey Wardrip,** manager of the Interstate Terminals; **James Kearney,** manager of the grain department of Balfour Guthrie & Co.; and **Stanley Watt** of the Marine Electric & Supply Co. **Howard Lovejoy,** vice-president of the Puget Sound Freight Lines in Seattle, also attended. Messrs. Wardrip, Kearney, and Watt are alumni of the School of Business Administration.

Net foreign aid, which takes into account the receipts by the United States government of reverse grants and returns on grants, as well as the repayment of credits, was $5 billion in 1952.

Western Europe continued in 1952 to be the largest beneficiary of United States foreign aid. It received military aid totaling $2.25 billion in the year, double such aid in the preceding year. Economic assistance to Western Europe in 1952 declined by $625 million. Total gross foreign aid to the area amounted to $4.25 billion, up 14 per cent.

Declines were effected in the economic aid furnished to most European countries in 1952, with the principal exception of the United Kingdom.

Multnomah County Real-Estate Transactions. During March 1953 there were 1,538 real-estate sales amounting to $11,496,463 in Multnomah County. Of these, 1,051 involved residences, the total sales price of which was $9,558,996; 450 were vacant properties, $732,267; and 37 were business properties, $1,205,200. Additional figures are:

	Mar. 1953	Feb. 1953	Mar. 1952
Number of sales	1,538	1,105	1,184
Value of sales	$11,496,463	$8,648,058	$9,640,405
Number of mortgages	1,182	1,009	1,152
Amount loaned	$8,534,044	$7,867,667	$7,750,604
Number of sheriff's deeds	3	3	4
Amount of sheriff's deeds	$11,133	$4,958	$11,517
Average residential sales price	$ 9,095	$9,079	$ 8,787

CURRENT BUSINESS TRENDS IN OREGON

Lumber. The West Coast Lumbermen's Association reports that orders have been insufficient to absorb production at Douglas-fir lumber mills in the Pacific Northwest during the first quarter of 1953. In the first three months of 1953 production exceeded orders by 4,090 thousand board feet. During the same period in 1952 the situation was the reserve—orders were 43,629 thousand board feet greater than production. For the first quarter in 1951 orders exceeded production by 148,052 thousand board feet.

The most recent statistical data for the industry follow (all figures are in thousands of feet, board measure):

	Mar. 1953	*Feb. 1953*	*Mar. 1952*
Average weekly production	223,325	214,446	207,492
Average weekly orders	218,030	212,760	192,018
Average weekly shipments	217,088	204,461	201,561
Unfilled orders, end of month	924,857	920,711	960,638
Inventories, end of month	1,106,421	1,078,974	1,028,349

Employment. March 1953 nonagricultural employment in Oregon continued to run slightly behind 1952 levels, although the State Unemployment Compensation Commission reports small gains in a few lines. Preliminary estimates show 437,700 jobs at the end of March, which is more than the 430,400 total for February, but less than the 438,300 figure for March 1952. During March 1953 about 4,000 logging and lumber workers were added, but the 76,000 total was 1,600 short of the count made for March 1952. Cool weather held up dam and construction work, while food processing declined 300 because of the completion of government contracts.

The estimated number of unemployed by principal communities follows:

	Apr. 1, 1953	*Mar. 1, 1953*	*Apr. 1, 1952*
Portland area	18,790	16,100	13,500
Albany	854	773	435
Astoria	970	915	540
Bend	930	885	864
Coos Bay	1,705	1,855	940
Corvallis	734	825	659
Eugene	3,200	3,500	1,750
Klamath Falls	1,120	1,160	1,100
La Grande	1,010	925	615
Lebanon	1,552	1,678	887
McMinnville	1,350	1,300	850
Medford	2,507	3,014	1,538
Roseburg	1,820	2,000	1,100
Salem	5,200	4,800	2,700
Oregon total	49,107	47,559	32,567

Department-Store Sales. Department-store sales for the week ending April 11, 1953 (the most recent figures available) compare unfavorably with the same month a year ago—in 1953 this was the week following Easter, whereas in 1952 it was the week preceding Easter. It will be noted from the table below that, on a year-to-year comparison basis, Portland department-store sales compare well with those of other Pacific Coast cities and the United States:

	Week Ending Apr. 11, 1953	*4 Weeks Ending Apr. 11, 1953*	*Calendar Year to Apr. 11, 1953*
Portland	−12	+5	+10
Los Angeles	−11	+6	+ 8
San Diego	−20	0	+ 3
San Francisco-Oakland	−22	0	+ 1
Seattle	−16	+5	+ 7
Spokane	−13	+3	+10
United States	−13	+5	+ 4

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual deposits. Payment for approximately 90 per cent of all goods, property, and services is by check. Bank debits are regarded as indicators of the general trend of business, though their value for this purpose may be impaired by substantial changes in the level of prices. The Bureau of Business Research collects bank debits from 122 banks and branches monthly. On occasion, the totals for the same month in different issues of the *Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits Mar. 1953*	*Debits Feb. 1953*	*Debits Mar. 1952*	*Mar. 1953 Compared with Feb. 1953*	*Mar. 1953 Compared with Mar. 1952*
Oregon	115	$1,386,925,553	$1,076,952,369	$1,250,790,804	+12.9	−11.1
Portland (Portland, Hillsboro, Oregon City, etc.)	34	946,651,929	693,567,095	834,536,215	+13.6	+11.3
Lower Willamette Valley (Salem, McMinnville, etc.)	15	93,330,826	82,893,891	86,394,036	+11.6	+10.8
Upper Willamette Valley (Albany, Corvallis, Eugene)	17	118,852,609	101,081,009	115,390,935	+11.4	+10.3
North Oregon Coast (Astoria, Tillamook, etc.)	4	20,329,489	17,125,017	20,734,885	+11.9	− .2
Douglas, Coos, Curry counties	7	40,261,682	34,111,515	38,781,151	+11.5	+10.4
Southern Oregon (Ashland, Medford, Grants Pass)	6	52,314,859	44,686,770	47,038,894	+11.7	+11.1
Upper Columbia River (The Dalles, Hood River, etc.)	7	22,355,329	19,404,525	17,630,460	+11.5	+12.7
Pendleton area	6	24,935,216	22,501,973	24,816,564	+11.1	+10.0
Central Oregon (Bend, Prineville, Redmond)	5	22,555,733	19,651,378	20,726,577	+11.5	+10.9
Klamath Falls, Lakeview area	3	13,761,571	11,745,424	12,070,048	+11.7	+11.4
Baker, La Grande area	6	14,484,039	11,362,344	13,711,121	+12.7	+10.6
Burns, Ontario, Nyssa	5	17,092,271	15,518,428	18,959,918	+11.0	− 1.0

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken, in interpreting these data, to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential Mar. 1953	*New Non-residential Mar. 1953*	*Additions, Alterations & Repairs Mar. 1953*	*Totals Mar. 1953*	*Totals Feb. 1953*	*Totals Mar. 1952*
Albany	$ 31,500	$ 20,000	$ 30,950	$ 85,450	$ 30,400	$ 87,800
Astoria	11,912	700	42,799	55,411	48,116	62,360
Baker	26,810	62,580	9,262	98,682	21,910	101,700
Bend	23,000	3,450	49,878	76,328	96,780	108,120
Coos Bay	135,500	100,000	5,175	240,675	32,720	45,450
Corvallis	113,250	1,450	14,020	128,720	61,273	99,360
Eugene	216,600	80,150	125,454	422,204	200,126	196,044
Forest Grove	38,000		2,870	40,870	15,600	58,525
Grants Pass	58,815	13,240	19,522	91,577	76,060	91,050
Klamath Falls	23,500	14,985	19,669	58,154	51,460	69,450
La Grande	32,600	10,798	19,150	62,548	4,485	43,950
Medford	90,500	118,220	19,896	228,616	130,247	219,793
North Bend	44,650	1,950	15,375	61,975	191,370	93,886
Oregon City	20,400	20,000	2,900	43,300	50,020	46,340
Pendleton	33,000	2,000	55,930	90,930	132,050	96,750
Portland	2,588,340	1,196,420	831,265	4,916,025	3,146,850	3,310,765
Rosburg	22,400	106,525	89,348	218,273	467,305	86,153
Salem	364,720	43,240	199,439	607,399	320,029	681,799
Springfield	83,500	19,400	14,335	117,235	257,791	129,040
The Dalles	81,711	2,700	9,160	96,571	112,604	129,090
21 other communities	324,630	347,289	111,270	783,189	495,130	535,965
Total	$4,371,368	$2,465,097	$1,687,667	$8,524,132	$5,945,656	$6,299,390